



# Notes

- **Presented by Zahid Masood and Phillip Beidelman of WTC to TSB Ad hoc committee on August 1, 2008 at 3 PM.**



*Strategy for complex Networking, IT, and Telecommunication decisions*

State of California  
Department of Technology Services  
Cost and Rates Benchmarking  
TSB Sub-Committee Meeting  
Status Review

*August 1, 2008*



# Agenda

- Purpose
- Objective
- Approach



# Purpose



# Purpose

- Develop DTS baseline cost
  - Network/Telecommunications Services
  - Open Systems/Mid-Range/Server Processing Services
  - Data Storage
- Benchmark DTS rates against other organizations' rates



# Objective



# Objective

- Establish baseline costs, rates, and cost recovery performance
- Compare DTS rates with public and private service providers
- Compare DTS costs with customer departments
- Compare components included in the rates with other organizations



# Objective

- Recommend how to improve rates
- Compare methodologies DTS might use
- Examine best practices for packaging services, service levels, and cost recovery
- Recommend how to improve service delivery and cost recovery performance



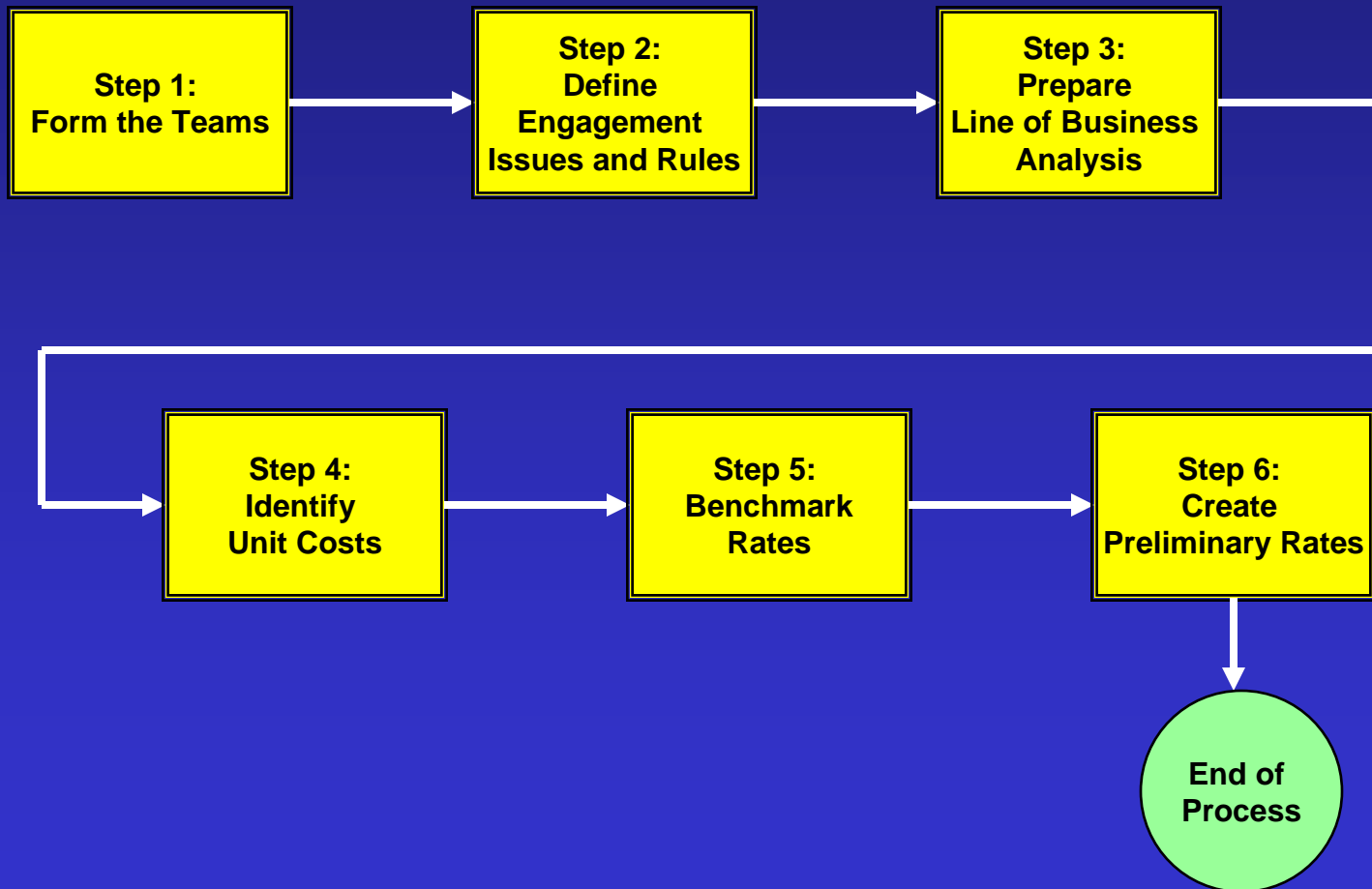


# Our Approach

August 1, 2008



# Approach





# Approach

**Step 1:  
Form the Teams**



# Step 1: Form the Teams

- Project manager – Colleen Field
- Key members from the three branches
  - Network/Telecommunications Services
  - Open Systems/Mid-Range/Server Processing Services
  - Data Storage



# Approach

**Step 1:  
Form the Teams**



**Step 2:  
Define  
Engagement  
Issues and Rules**

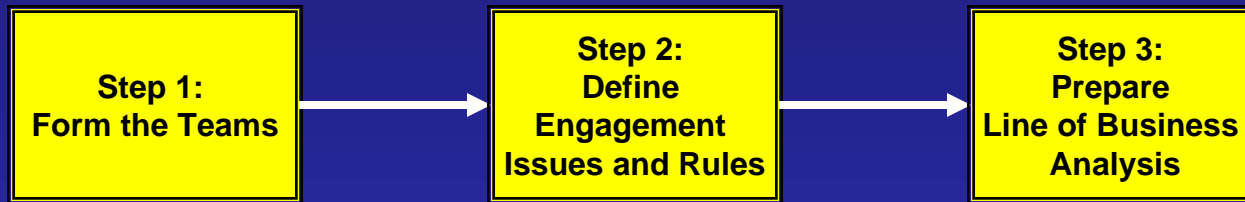


## Step 2: Develop Engagement Issues and Rules

- Cost Centers that are in or out of scope
- Sources of funds
- Capital asset treatment
- Depreciation treatment
- Federal grant treatment (A-87)



# Approach

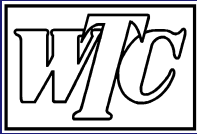




## Step 3: Prepare Line of Business Analysis

- Identify Basic Product and Service Elements (BPSE™)
- *Definition - A BPSE is a product or service that can be purchased somewhere else.*





# Step 3: Prepare Line of Business Analysis - BPSEs

<b>Asset Management</b>	<b>Capacity Management</b>	<b>Business Continuity</b>	<b>Data Design And Engineering</b>	<b>Fault Management</b>
<b>Mainframe Connectivity</b>	<b>Hardware Support &amp; Troubleshooting</b>	<b>Security Firewalls</b>	<b>Storage Cleaning</b>	<b>Storage Disposal</b>
<b>Storage Backup</b>	<b>Storage Recovery</b>	<b>Storage Trouble Resolve</b>	<b>Storage Disaster Recovery</b>	<b>Storage Cataloging</b>
<b>Database Consulting</b>	<b>Database Access</b>	<b>Database Maintenance</b>	<b>Wintel Maintenance</b>	<b>Wintel Installation</b>
<b>Solaris Hardware Refresh</b>	<b>Solaris Change Mgmt.</b>	<b>AIX Backup</b>	<b>AIX Documentation</b>	<b>HP Patch Updates</b>
<b>HP Trouble Resolve</b>	<b>HIPAA Customer Consulting</b>	<b>Identity Management</b>	<b>Internet Design Consulting</b>	<b>ListServ Maintenance</b>
<b>WebSphere User ID Mgmt.</b>	<b>Linux – Intel New Products</b>	<b>Linux – Intel Inventory</b>	<b>Network Authentication</b>	<b>Network Hardware</b>

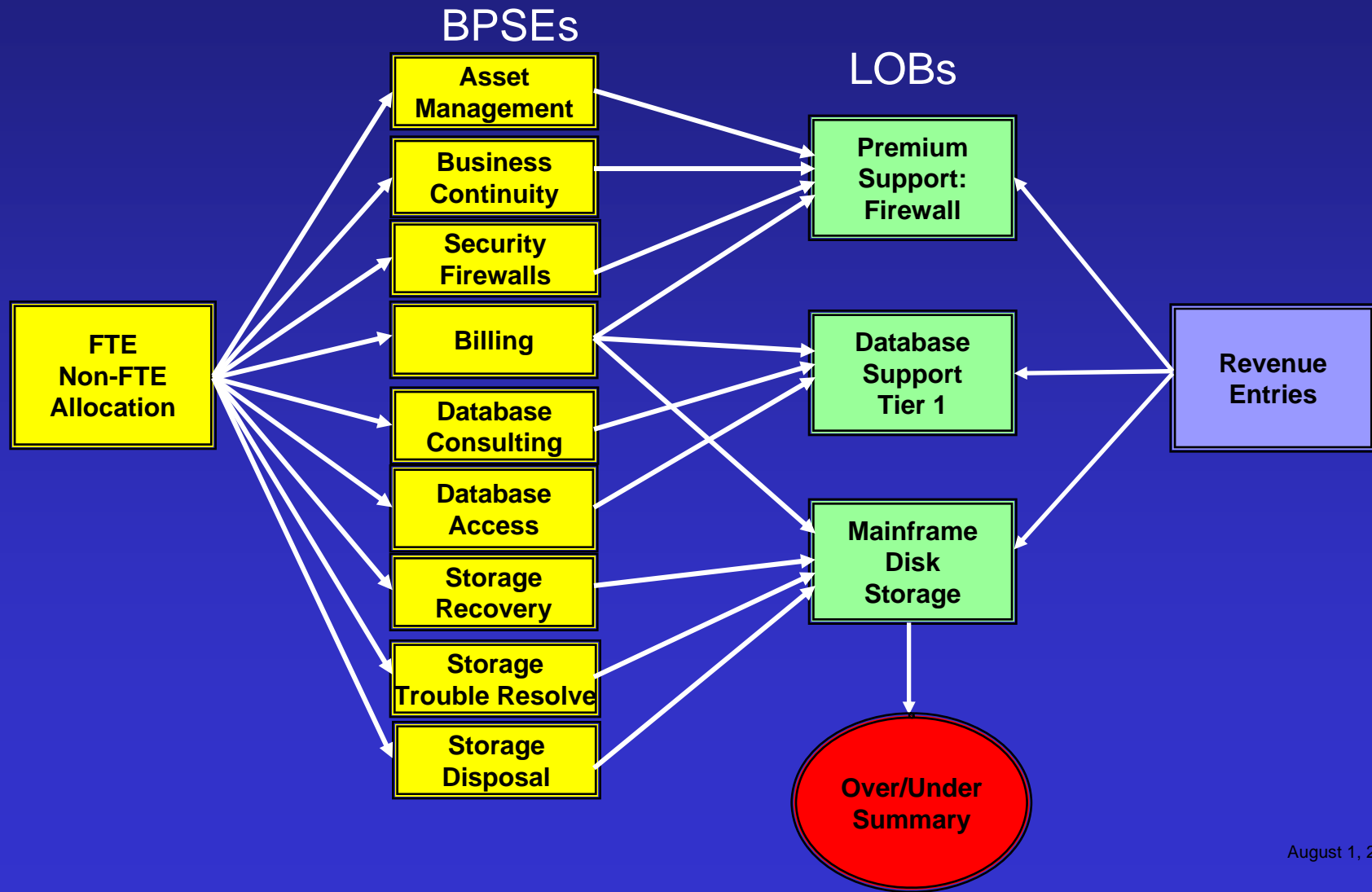


## Step 3: Prepare Line of Business Analysis

- Identify the Lines of Business (LOB)
- *Definition: LOB is a BPSE or group of BPSEs delivered to client's customers.*



# Step 3: Prepare Line of Business Analysis





# Our Current Understanding

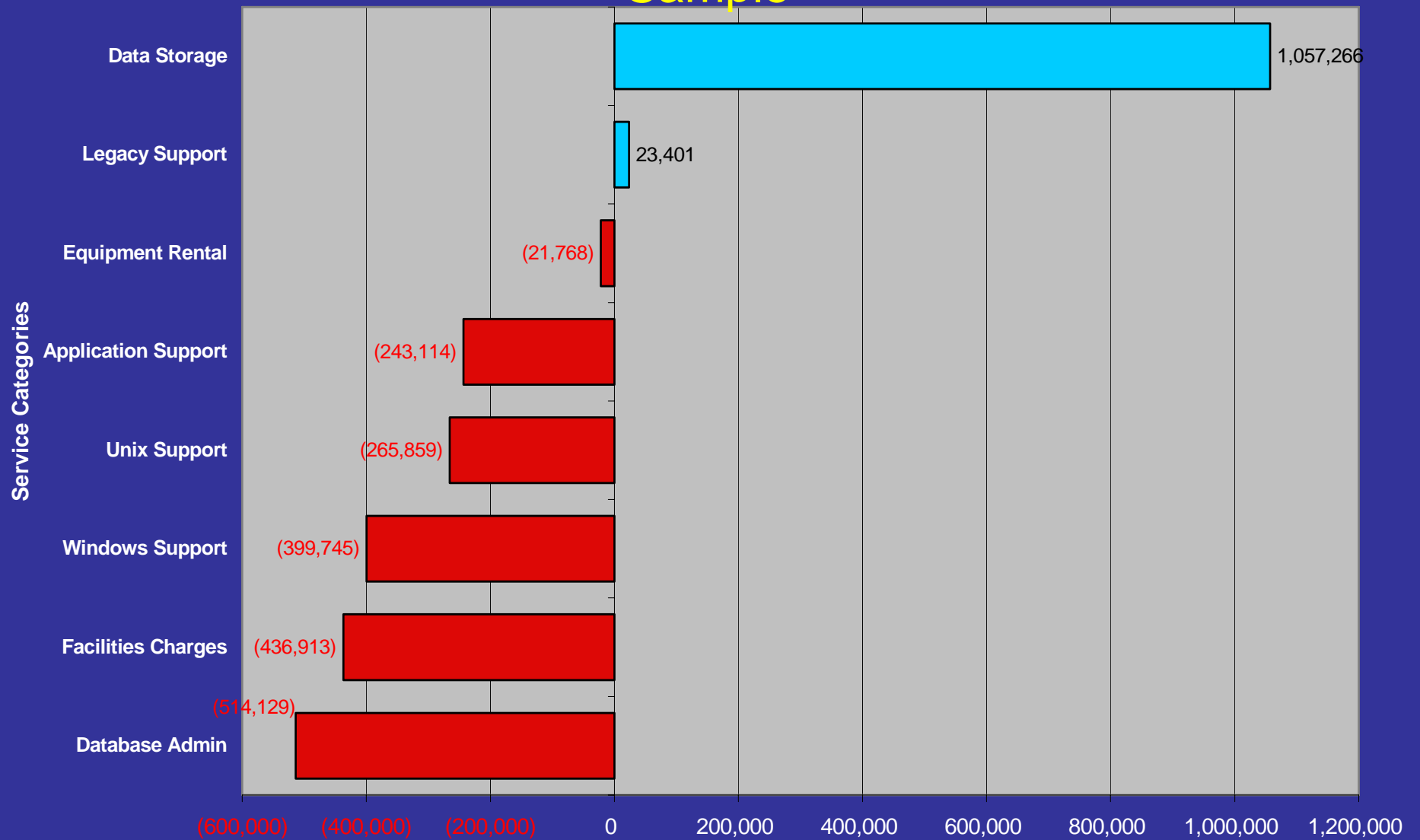
Branches	BPSEs	LOBs
Networking	89	22
Open Systems	544	34
Storage	266	14
Total	899	70

## Over-Under Summary

Data Center

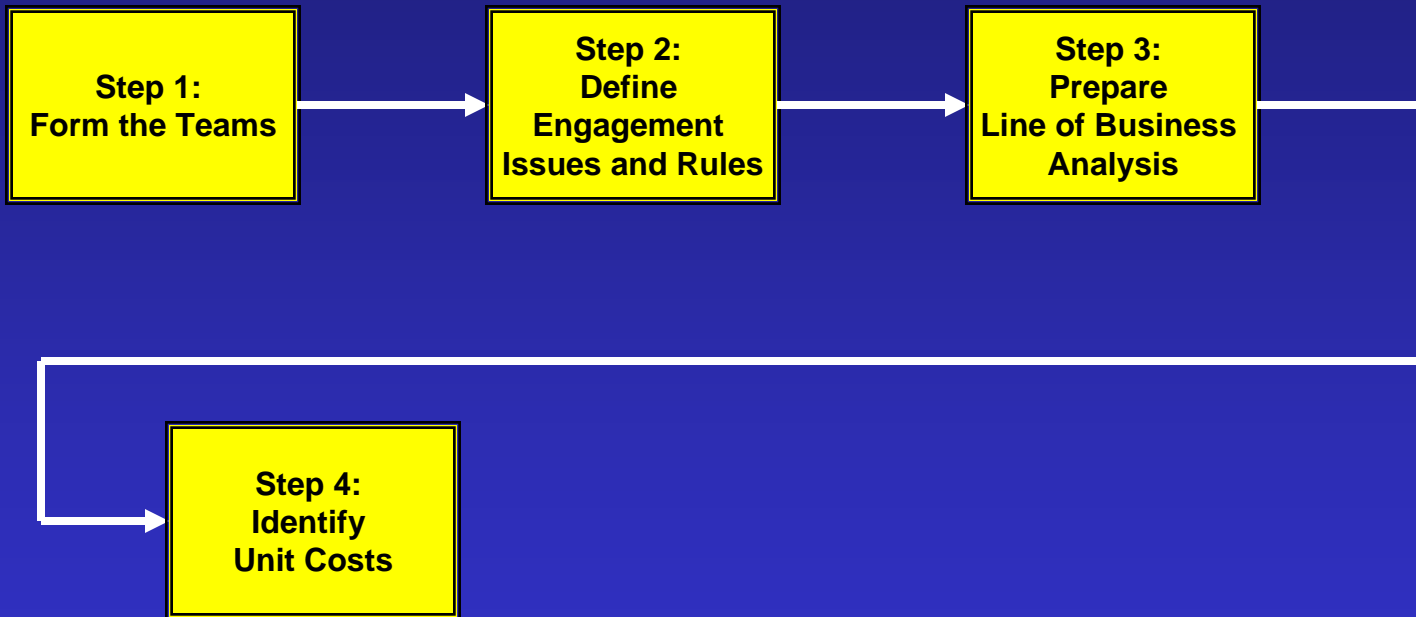
Overall = (\$800,860)

Sample





# Approach



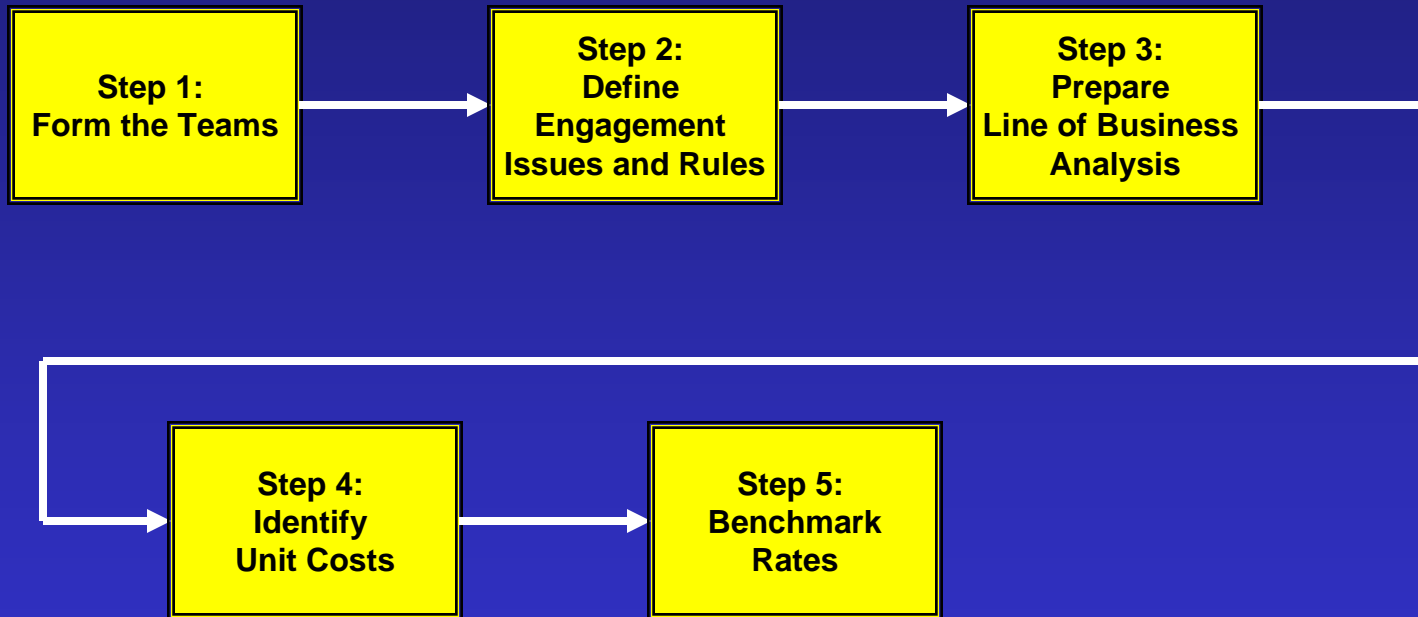


## Step 4: Identify Unit Costs

- Identify units of measure
- Review activity levels
- Develop unit cost per BPSE



# Approach





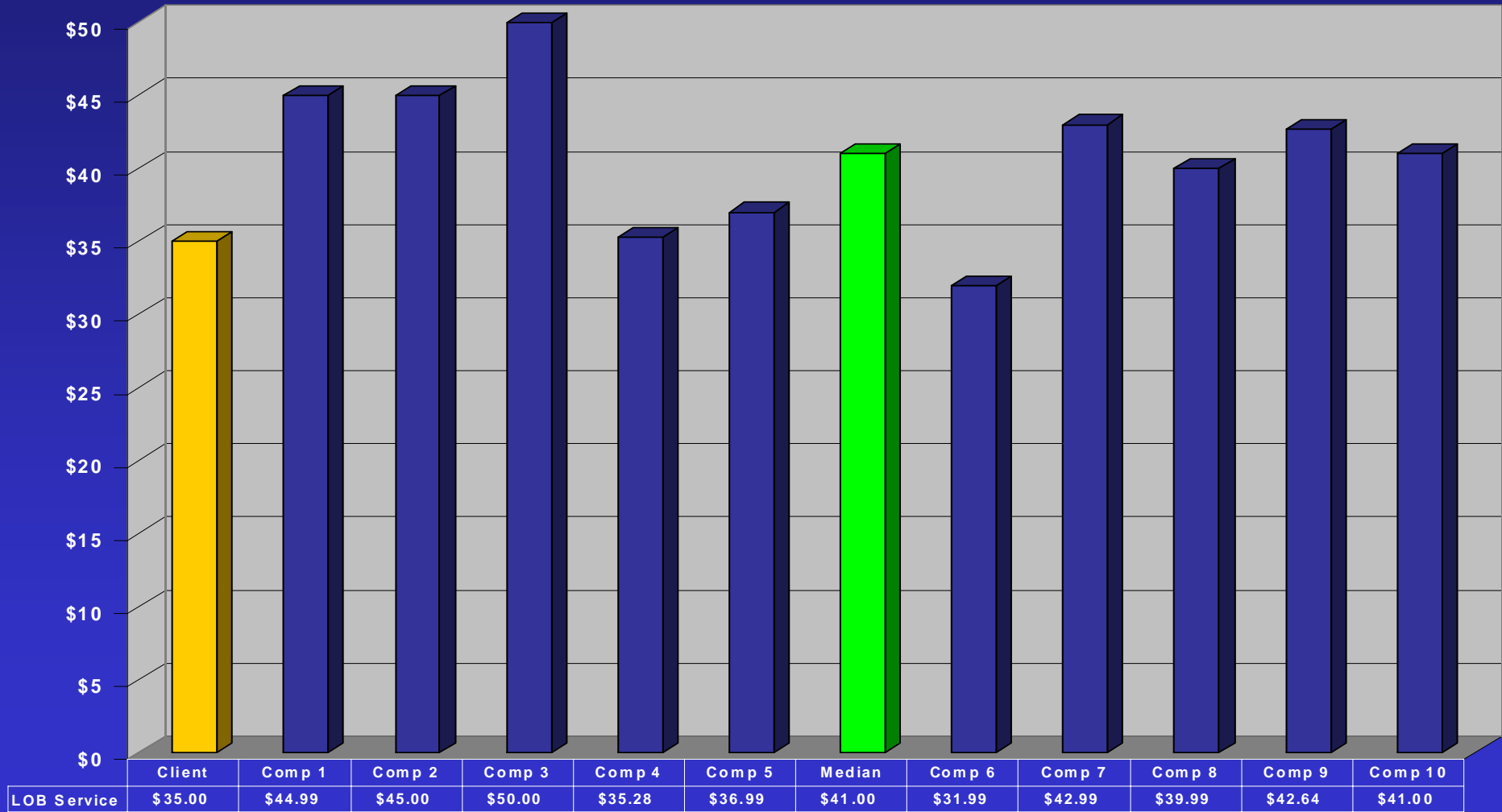


## Step 5: Benchmark Rates

- Benchmark comparison
  - Step 1: Determine types of services (LOB) offered
  - Step 2: Apply rates to the services
  - Step 3: Identify BPSEs within the services



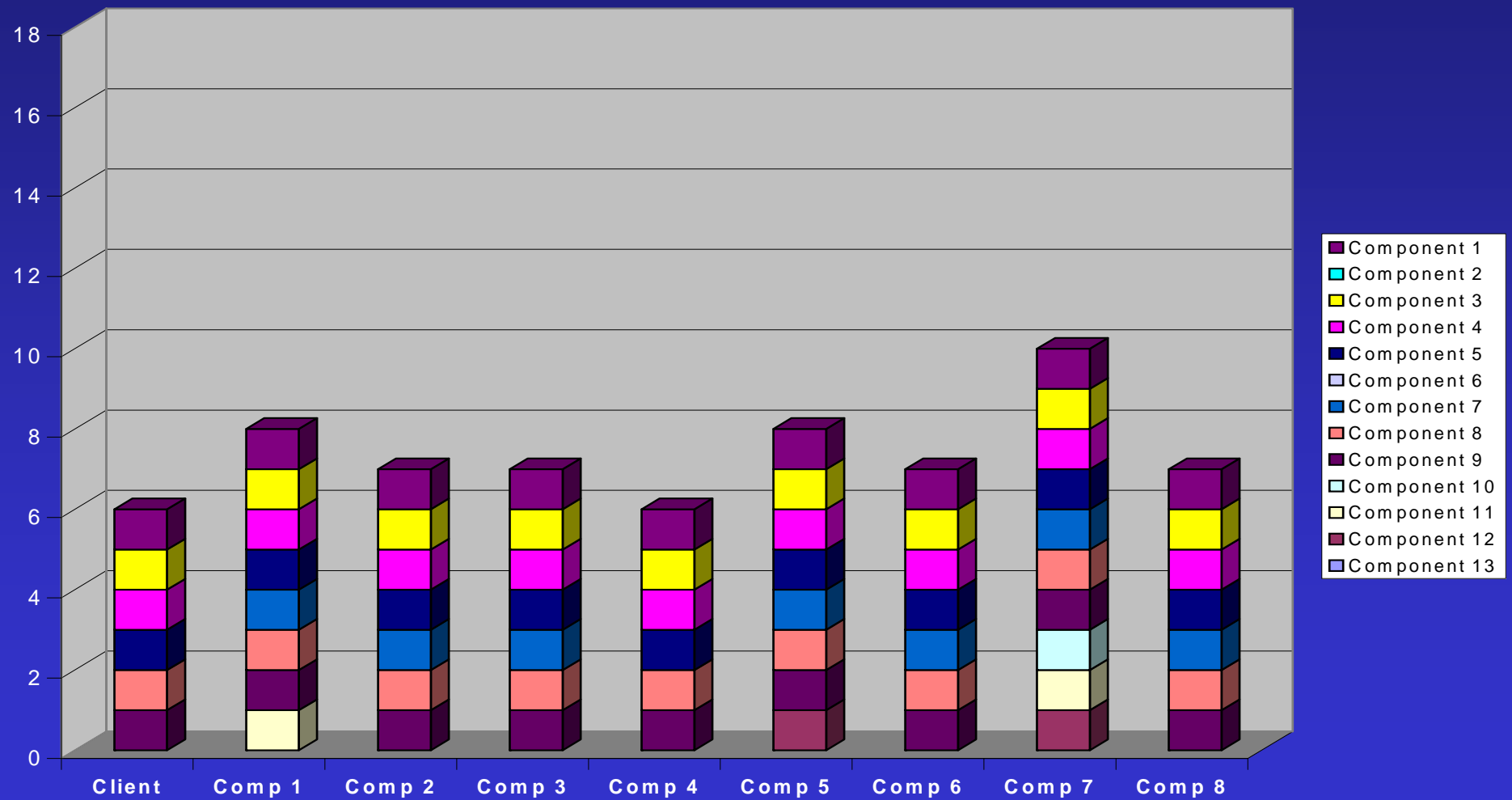
## Step 5: Benchmark Rates



August 1, 2008



## Step 5: Benchmark Rates





# Benchmark DTS Rates Participants

- Board of Equalization
- Department of Health Care Services
- Department of Social Services
- Department of Transportation
- FTB
- Verizon



# Benchmark DTS Rates Participants

- Michigan
- Illinois
- Tennessee
- Delaware
- Minnesota
- South Dakota

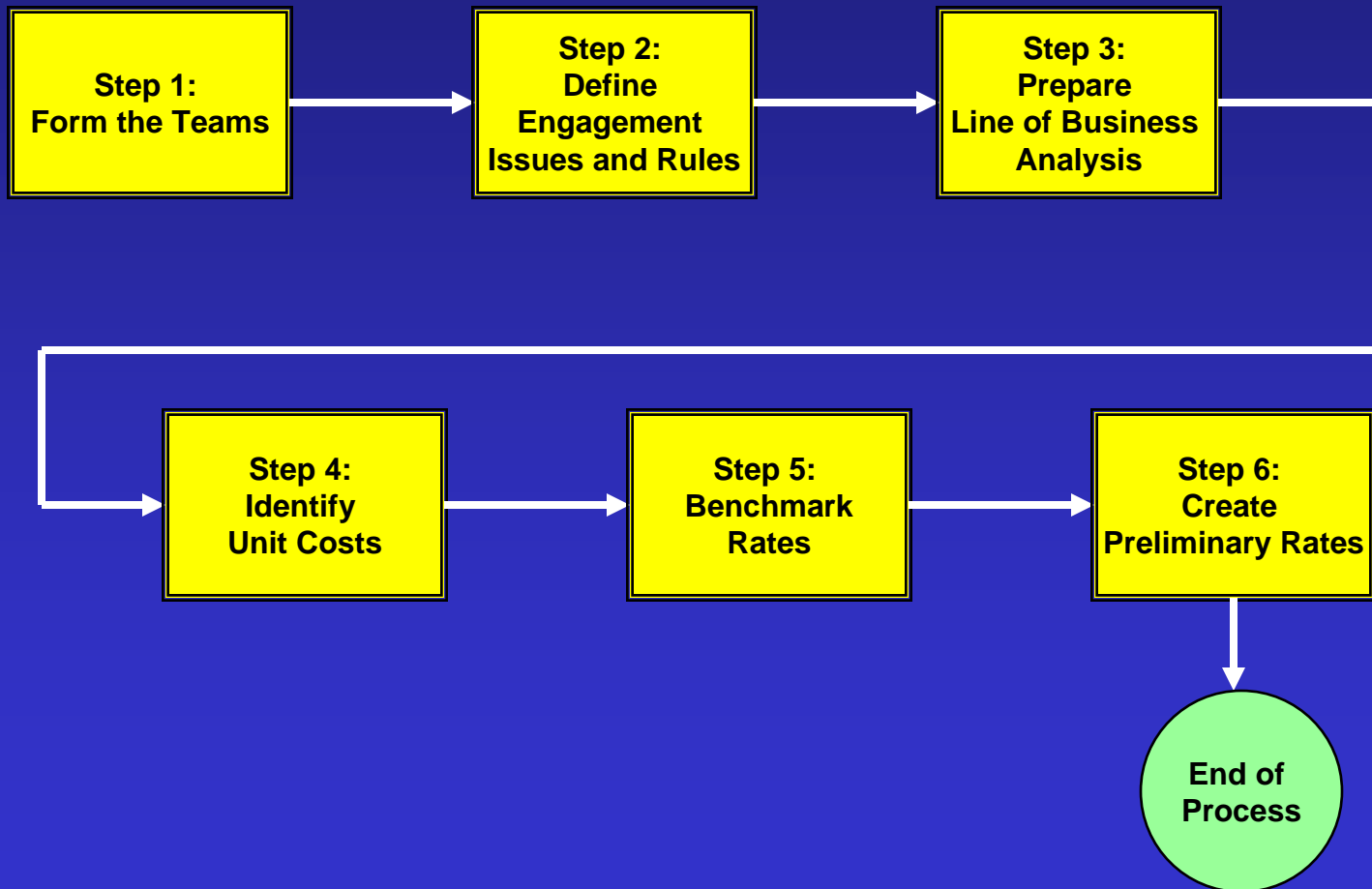


# Benchmark DTS Rates Participants

- Challenges
  - Agreed but withdrew - Lack of personnel resources
  - Busy
  - Did not respond
  - Private organizations would not share cost information



# Approach





## Step 6: Create Preliminary Rates

- Determine rate structure
  - Utility model
  - Library model
  - Discriminatory model
  - Egalitarian model
  - Hybrid model
  - Bundled service model



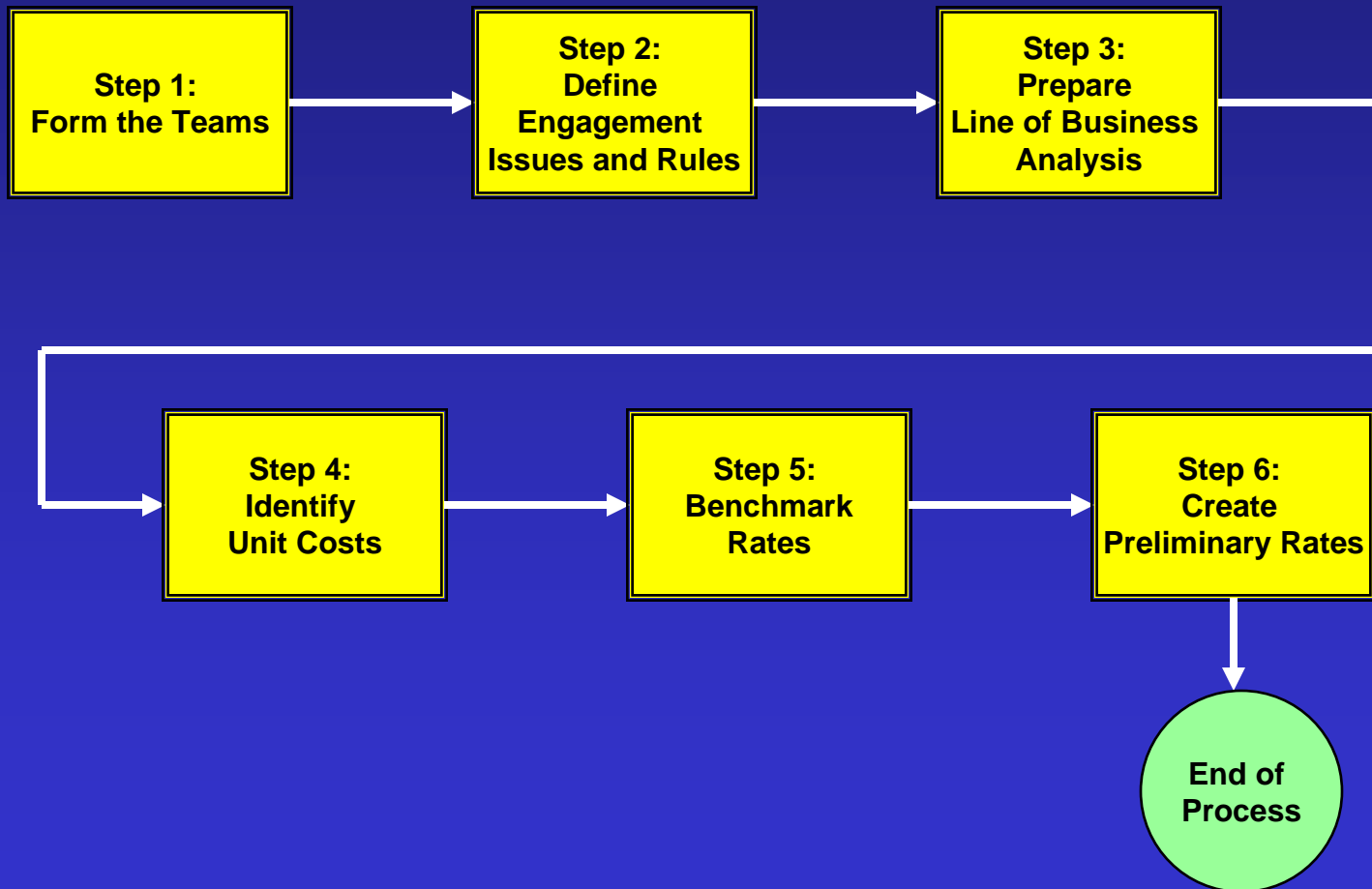


## Step 6: Create Preliminary Rates

- Create written final report
- Present final report



# Status





# Timeline

Description	Date
Submit Service Request	January 24, 2007
Invitation for Bid (IFB) Development, Vendor Research, Baseline Data	February 1 – April 30, 2007
Release of IFB	May 29, 2007
IFB Response Submission Due	June 18, 2007
Evaluation Review / Interview (if requested)	June 18-22, 2007
Recommendation of Award	June 22, 2007
Approvals and Signatures	July 16, 2007
Pending due to Lack of State Budget	July 1, 2007 to August 23, 2007
Commencement of Services Started	October 10, 2007
Detailed Work Plan	October, 10 2007
Line of Business analysis – Over/under by services	August 25, 2008
Line of Business Unit Cost Analysis	August 25, 2008
Preliminary Rate Creation	September 26, 2008
Benchmarking Study	September 12, 2008
Final Presentation and Final Report	October 15, 2008
Presentation to the Technology Services Board	December 3, 2008 (tentative schedule)



End of Presentation



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